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WISCONSIN FSA NUMBER 1 IN LENDING!!!

As of August, Wisconsin FSA has loaned over \$148 million dollars to the farmers of this state. Currently through the direct and guaranteed farm loan program, Wisconsin FSA leads the nation in obligated funds to the producers.

FSA farm loans help with youth projects, beginning farmers start farming, and existing farmers modernize.

2001/2002 CROP DISASTER PROGRAM

Applications are currently being accepted for the 2001/2002 Crop Disaster Program (CDP). Under CDP, producers will be reimbursed for qualifying crop production and quality losses to crops (other than forage seeding, tobacco, sugar cane or sugar beets) for either the 2001 or 2002 crops. **No sign up deadline date has been announced.** Losses must exceed 35 percent of the farms' insured actual production history or the county average yield, whichever is higher or for uninsured crops, the county average yield. Payments will be issued for losses exceeding 35 percent of expected production at:

- 50 percent of the established price for crops that were covered by crop insurance;
- 50 percent of the established price for crops for which crop insurance was not available; and
- 45 percent of the established price to producers for crops that could have been insured but were not.

The prices used to calculate disaster payments for crops insured under the Federal Crop Insurance Program will be the Actual Production History (APH) prices. For crops not insured, five-year average market prices will be used.

The statute also requires the 2001 or 2002 crop disaster payments be reduced if the sum of: (1) the disaster payment; (2) the net crop insurance indemnity; and (3) the value of the crop that was not lost, exceeds 95 percent of what the value of the crop would have been in the absence of a loss.

Producers that have had qualifying losses and were covered by crop insurance were sent appointment cards. If you did not receive one or missed your appointment please contact our office to reschedule. If you had a loss in 2001 or 2002 and did not have insurance you are still eligible for this program. Once again, please contact our office for an appointment and further details.

MILC RATES ARE DOWN

Finally, the markets are beginning to improve for dairy farmers. Hopefully this trend will continue. Larger milk checks mean smaller MILC payments.

October 1 signals the start of the government's new fiscal year. For dairy farmers who produce more than 2.4 million pounds of milk in a fiscal year, this is a very important date. For the 2003 fiscal year, many of you began receiving MILC payments starting in October of 2002. As a result, some of you exceeded the program's production cap prior to the market's steepest decline. So while you were being pummeled by the market, you didn't receive a MILC payment at its highest price levels.

Those of you who selected October as the month to begin receiving MILC payments, do you still want October to be your starting month for the upcoming fiscal year? Are you thinking about changing your MILC starting month? If so, now is the time!

You may change the starting month anytime before the fifteenth day of the month prior to the month previously selected on your MILC contract. *This means, if you don't want to begin receiving payments for the 2004 MILC program in October, you need to change the starting month **BEFORE** September 15.*

If the selected starting month is never modified, that month will remain the same throughout the duration of the contract.

CHANGES TO CRP CONTRACT NOW ALLOW MANAGED HAYING AND GRAZING

Managed haying and grazing is now available to all CRP contracts as a result of changes enacted with the 2002 Farm Bill. Even contracts from previous signups can now be revised to allow managed haying and grazing of certain practices one out of every three years after the cover is fully established. Some of the details include:

- A request to revise your CRP conservation plan to allow managed haying and grazing must be completed **prior** to any haying or grazing being done.
- A 25% payment reduction will be assessed on the acres hayed or grazed.
- Haying and grazing may begin as early as July 16, with haying ending by September 15 with all bales removed by September 30. Grazing must be completed by September 30.
- There are provisions to protect the cover that is hayed or grazed i.e. maximum animal units and/or minimum residue height that can be discussed in detail when revising your conservation plan.

If interested, please contact the FSA office to file the documentation needed to complete your request.

FACILITY LOAN PROGRAM

Producers short of storage who are interested in building or upgrading their commodity storage facilities may wish to consider financing that is available to eligible applicants through FSA. The maximum loan amount is 85% of the net cost not to exceed \$100,000 per borrower. Loan applicant's cannot start any work on the site nor have any material delivered to the site until the FSA loan approval is obtained.

Eligible facilities include:

- new cribs or bins
- new and remanufactured oxygen-limiting structures
- upright, bunker-type or open silo structures
- permanently affixed grain handling equipment
- renovated existing facilities to increase storage
- New flat storage buildings.

The maximum term is 7 years with annual installments. For more details on the eligibility requirements for these loans, contact the FSA office.

WISCONSIN 5TH IN TOTAL DOLLARS TO FARMERS

The Wisconsin Farm Service Agency has been busy this year distributing funds to our farmers. One of the ways these funds are made available is through the 2002 Farm Bill and the programs it has made available. Wisconsin currently participates in seven different Farm Bill programs that offer financial assistance to producers of agricultural commodities.

Currently, Wisconsin has distributed more than \$481 million to farmers. Of the total dollars, \$347 million has been distributed in the Milk Income Loss Contract (MILC) Program where Wisconsin holds the number one spot. Wisconsin holds the number two

spot in the Livestock Compensation Program II with more than \$40 million dispersed to our farmers.

If you have any questions about a program that you are currently enrolled in or one that you are interested in, please don't hesitate to contact your local FSA office for assistance.

SOCIALLY DISADVANTAGED LOANS

A Socially Disadvantaged (SDA) farmer is from a group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of the group without regard to individual qualities. For purposes of the SDA Loan Program, socially disadvantaged groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, Asians and Pacific Islanders. SDA loans are available for farm ownership and operating loans. Money is specifically targeted to assist these individuals. SDA farmers must meet the same loan eligibility requirements as traditional applicants.

SDA farm ownership loans may be used to purchase or enlarge a farm, purchase easements, erect or improve buildings, and pay closing costs. SDA operating loan funds may be used to purchase livestock, equipment, feed, seed, fuel, fertilizer, chemicals, crop insurance, food, clothing, and medical care.

BEGINNING FARMER LOANS & DAIRY MODERNIZATION

FSA operating and real estate loans help beginning farmers start farming and existing operations modernize. There are 2 types of FSA farm loans: loans directly from FSA and loans made by local lenders but guaranteed by FSA.

Direct loans, up to \$200,000, are made to farmers who do not meet other lender's standards. Guaranteed loans, up to \$762,000, allow local lenders to extend credit beyond their normal lending criteria because of the guarantee from FSA. Sometimes FSA can pay 4% of the interest cost.

Operating loans carry a 3.00% interest rate and can be used for buying cattle, equipment, or refinancing debt. Farm real estate loans can be used for purchasing land or building improvements.

Generally, there must be enough collateral for the loan and a cash flow budget that shows how it will be repaid.

Contact our office for more information about how FSA farm loans can benefit you.

2003 COMMODITY LOANS

Commodity loans are 9-month loans issued by FSA using the harvested commodity as collateral. The commodity must be stored in an acceptable structure that provides safe storage for the commodity through the maturity date of the loan. The structure must be designed to allow safe inspection, measurement and sampling of the commodity as determined necessary. There are some exceptions with high moisture storage structures.

Eligible commodity crops for loans and/or LDP's include corn, oats, wheat, barley, grain sorghum and soybeans. The 2003 loan interest rates in **** County are: corn \$***, oats \$***, wheat \$***, barley \$***, grain sorghum \$***. The following minor oilseed crops

are also eligible: canola, crambe, flaxseed, mustard seed, rapeseed, safflower seed, sesame seed, and sunflower seed (contact the FSA office for the applicable loan rates on these crops). Honey, wool and mohair are also eligible for loans and LDP benefits in 2003.

LOW INTEREST OPERATING AND REAL ESTATE LOANS

FSA low interest loans can be a boost to farmers starting or expanding their operations. FSA targets operating and farm real estate loans to beginning farmers who've farmed less than 10 years. The loan maximums are \$200,000 for direct loans and \$762,000 for guaranteed loans.

Fixed rate operating loans are as low as **3.25%** over 7 years, and farm purchase rates are as low as **5%** over 30 years.

FSA loans are made to limited resource farmers who can't get the credit from other sources. Applicants need to be creditworthy and have a plan of operation that shows they can make all payments. Contact our office today for more information.

LOAN DEFICIENCY PAYMENTS

With weakening crop commodity prices, it looks like Loan Deficiency Payment (LDP's) may be an option again this year. LDP's are payments made to producers who are eligible to obtain a commodity loan but agree to forgo the commodity loan in return for a payment on the eligible commodity. The LDP payment amount is determined by comparing the posted county price (PCP) for a commodity to the county loan rate for that commodity. Producers are encouraged to watch commodity prices in case prices fall below county loan rates as they have done in the past.

Grain Sold Directly From the Field – You must sign a CCC-709 **prior** to crop harvest. The LDP rate is based upon the date the grain is *delivered*. Your sales receipts are your documentation.

Grain Harvested and Placed in Storage - LDP's can be requested anytime before the production is fed or sold. The deadline for 2003 LDP applications is March 31, 2004 for small grains and May 31, 2004 for corn and soybeans. Certain restrictions apply to contracted grain.

Specifically, with Price Later Contracts or Delayed Price Contracts, title to the commodity and LDP eligibility may be lost when one of these types of contracts is signed. Contact the office for details if you will be contracting your grain to avoid loss of LDP eligibility. Production on which an LDP is received is ineligible for CCC loans.

Currently LDP rates are zero for most crops. Remember that you must request your LDP while you still own the commodity. Contact your FSA office if you have any questions concerning the commodity loan and LDP program.

E-FILING FSA FORMS VIA THE INTERNET

If you have access to the Internet, you may want to check out the new e-File option that is available to you for submitting program forms to the FSA and other USDA Service Center agencies. E-file is part of USDA's effort to better serve its customers and gives customers access to agency forms and allows them to fill out and submit documents electronically via

USDA's eGovernment Web site. Contact the FSA office if you are interested in this service or visit the following website for more information: <http://www.sc.egov.usda.gov>

SELLING CRP LAND?

If you are a current CRP contract holder and you are planning to sell part or all of the CRP acreage, please notify our office. We want to advise you of the procedure for transferring the contract to the new owner/operator if that individual wants to continue with the program. Likewise, we want to inform you of the consequences for terminating a CRP contract. Remember, your CRP agreement is a binding contract. We simply want to help you make a smooth transition concerning the transfer of the contracted acreage.

SIGN-UP 26 ACCEPTED CONTRACTS

When you have been notified that your sign-up 26 offer has been accepted, you are required to contact the county office within fifteen days to let them know whether or not you want to continue with your offer to an approved contract. Remember, if you decide not to go forward with an approved contract, you will be assessed liquidated damages that are equal to 25% of the value of the annual rental payments on the offer you made.

Once an offer is accepted, very limited changes in that offer are authorized. Acreage included in the offer cannot be withdrawn, nor can additional acreage be included. Some practice changes may be authorized if the calculated Environmental Benefits Index (EBI) stays the same or increases as a result of the change.

It is extremely important that the practices you offered be installed correctly. You must receive a conservation plan that directs the practice installation before you begin! Do not start your practices until you have received a conservation plan. Once received, it is also very important that you follow that plan precisely. Practices that are installed differently than required by the plan can cause you to become ineligible for cost-sharing, require you to pay additional costs for installation, or even cause the contract to be terminated.

Questions concerning your sign-up 26 contract may be directed to your local FSA office.

DIRECT AND COUNTER CYCLICAL (DCP) PROGRAM

Washington has announced that there will be no final 2002 Counter Cyclical Payments for wheat, barley or oats since the market price was greater than the target price for those crops. Participants in the 2003 who did not report by July 15 must file an acreage report in order to remain eligible for payment, and late filing fees apply.

Sign up for the 2004 fiscal year Direct and Counter Cyclical Payment (DCP) Program begins on October 1 and runs thru June 1, 2004. Unlike the Production Flexibility Program of the earlier farm bill, DCP contracts must be signed annually. Payments are computed by taking 85% of the applicable crop base acreage times the program payment yield times the payment rate applicable to the crop.

Payment rates are unchanged from 2003 and are as follows: Corn - \$.28, Sorghum - \$.35, Barley - \$.24, Oats - \$.024, Wheat - \$.52 and Soybeans - \$.44. Producers can request one 50% advance payment to be made in any month from December thru September of the contract period. For payments involving rented land, participants must furnish a lease or signed statement from the landowner to document that they have control of the land for the

2004 crop year before an advance payment can be issued. Please watch upcoming newsletters for additional information on DCP.

UPCOMING NAP DEADLINES

Non-Insured Assistance Program

Producers receiving a disaster payment are required to purchase crop insurance for the next 2 years. If insurance is not available for your crop, you must purchase NAP coverage on that crop for the next 2 years. Failure to purchase insurance or NAP requires you to refund the payment plus interest. The following are upcoming deadlines.

CROP	2004 SALES CLOSING DATE	LOSS APPLICATION DEADLINE	2004 ACREAGE REPORTING DEADLINE
<ul style="list-style-type: none"> • Apples, Raspberries, Blueberries, Grapes, Strawberries, • Honey • Maple Sap 	November 20 th for all crops listed	<ul style="list-style-type: none"> • (*)Unless specified otherwise, a notice of loss must be provided within 15 days after disaster or damage is apparent • December 31 • * See above 	<ul style="list-style-type: none"> • (* *)July 15 - crops harvested prior to 7-15 must be reported 15 days prior to harvest • January 2 • February 1
<ul style="list-style-type: none"> • Christmas Trees • Ornamental Nursery • Aquaculture 	September 1	September 30	September 30
<ul style="list-style-type: none"> • Winter Wheat • Acreage Seeded Specifically for Grazing 	September 30	* See above	* * See Above

DATES TO REMEMBER

<i>Sept. 15</i>	End Managed Haying on CRP
<i>Sept. 30</i>	Final date to sign up for 2003 DCP.
<i>Sept. 30</i>	End Managed Grazing on CRP
<i>Sept. 30</i>	Deadline NAP Coverage - forage, winter wheat, mint
<i>Oct. 1</i>	Sign-up begins for 2004 DCP
<i>Oct. 13</i>	Offices Closed – Columbus Day
<i>Nov. 20</i>	Deadline NAP Coverage - Perennial Crops
<i>Continuous</i>	Continuous CRP/CREP sign-up

DELINQUENT PRODUCERS

Farmers with a delinquent Federal non-tax debt are ineligible to receive federal financial assistance (except for emergency loans) until the delinquent debt is resolved. This means, if you are delinquent on an FSA loan, facility loan or an overpayment owed to FSA, you are ineligible for an LDP or commodity loan. Producers are considered delinquent if they are:

- Past due 30 or more calendar days on all or part of a farm loan payment, or
- Past due 90 or more calendar days on all or part of a commodity program debt (over-disbursement), or
- Past due 90 or more calendar days on a Farm Storage Facility Loan installment.

Delinquent producers may assign the LDP payment to FSA if a repayment agreement has been completed and the LDP will resolve the delinquent debt. Contact the office for more information.